

In the Specification:

On page 5, line 17, please replace paragraph 3 with the following paragraph:

B1
What has been lacking is a promontory from which to view actual, objective, nearly contemporaneous, individual consumer purchase activity. If the actual purchasing practices and transactions of their actual and potential customers were known to vendors, vendors would be able to more accurately ascertaining segment or segments of the market to which the vendor's products would appeal, and to target their offers precisely to that segment. The buying habits and actual transaction data of all potential customer segments are nowhere comprehensively, aggregated or compiled in an accessible form, by either consumers or vendors. And, because individual vendors are generally unwilling and unable (due to differences in compiling such data and other reasons) to share what data they have as to the behavior of particular consumers, a more precise study is not likely to arise from vendor records.

On page 7, line 9, please replace paragraph 3 with the following paragraph:

B2
If, either by means of electronic transfers of funds to pay monthly bills or by cataloguing the contents of bills, the intermediary would have access to the consumer's purchase patterns and habits data, and if that data were analyzed, vendors would be able to target their marketing much more effectively. Specifically, vendors' market segmentation would be derived from actual transaction data rather than subjective preferences prone to sampling and perception error. Vendors would be able to more precisely and accurately segment the market. In this way, consumers would be presented offers and terms with a much higher probability of being acceptable. Overall, the marketing of goods and services ~~with~~ to consumers would be more efficient.

On page 12, line 6, please replace paragraph 2 with the following paragraph:

B³

While such integration is not a necessary feature of the invention, when practiced with the invention, it greatly enhances its efficiency and assures greater customer acceptance of the invention. Additional benefits of a transaction database tied to a bill paying and/or presentment engine or related process (a CSO, or other such data aggregator, such as, for example, for electronic bill presentment and payment: cyberbills.com, paymybills.com, yodlee.com) include the customer's ability to budget with a precision that has not been previously available. Because each expense is broken down into its component parts, consumers may budget by exactly the number of units required. Such a system is more completely described in our other Provisional application number ~~XXXXXX~~ 60/249,232, "~~ELECTRONIC COMMERCIAL BILL PAYING SYSTEM~~" "SYSTEM FOR DYNAMICALLY DERIVING OPTIMAL TRANSACTION TERMS FROM AGGREGATED CONSUMER TRANSACTION PROFILE DATA (3)"

On page 16, line 21, please replace paragraph 5 with the following paragraph:

B⁴

That is, that "micro-economy" in fact previously existed within the larger economy, but it was previously not isolated, and hence not meaningfully observable or amenable to analysis. The DPS analyzes these purchases over time. The system contains a library of known forecasting methods and by iterative analysis of the data, determines which method produces the most accurate forecast for a given consumer by both applying the history of the consumer's past behavior and analyzing the habits of groups of demographically similar consumers. This forecasting method is then used to predict consumer behavior for the next time period. Risk analysis is applied to the forecast to minimize the economic effect if the forecast varies from the actual usage.

On page 26, line 11, please replace paragraph 3 with the following paragraph:

B5
FIGURE 5 is a hypothetical bill to the customer, the contents of which is received at, or entered into, the DPS. Such bills are a presently preferred source of transaction data for populating the DPS Databases, because, in accordance with the invention, added transaction data assures the precision of the marketing efforts and for that reason, the information harvested from real bills, electronic or otherwise, is ideal. Drawing from two bills to a hypothetical customer, May 350 and June 360, the DPS will derive some facts about the bundling of services and about the customer.

On page 27, line 1, please replace paragraph 1 with the following paragraph:

B6
Comparing the two months, the consumer paid \$32.19 less to Puget Sound Energy in June than in May 352, 362. Statistically, June is a warmer month than May. ~~Yet~~ Therefore, the heat energy bill predictably went down. A consumer living in the Pacific Northwest will have drastically different power requirements than a similar consumer in the southeast, northeast, or the southwest. The customer's address pinpoints the climate for the DPS. Prevailing warmer temperatures in June may cause the consumption of energy to go down ~~over~~ relative to May.

On page 36, line 18, please replace paragraph 3 with the following paragraph:

B7
For example, a high-end bicycle vendor wants to know who will buy a mountain bike costing over \$900. The vendor wants to know that because the vendor only wants to offer such bikes to such persons. Traditionally, because the vendor doesn't know who such persons are, the vendor learns by survey for example, that 75% of such bikes are purchased by white, middle income males aged 25 – 45, so the vendor tries to target those persons, in the hope that some of them want to buy a bike in that price range. Thus, the demographic information (white, middle income etc.), is merely a means to an end, with no independent significance. The end is who will

B
buy those \$900 bikes. Aside from who will buy the bikes, the vendor doesn't really care about the traditional demographics. In contrast, this invention provides what in many cases will be a more meaningful means to the same end; actual purchases. For example, by using the invention, the vendor will have access to persons who have in fact purchased mountain bikes, or at least bikes (depending on the level of detail in the bills), costing over \$900. The vendor would not necessarily know, or care, whether the person was white, or male, or old or young, or anything of the sort. All the vendor would really care to know was that the person purchased a bike in that price range. In many cases, past purchases is will be a more reliable indicator of future purchases than traditional demographic factors such as age, race, income, etc.

On page 39, line 10, please replace paragraph 2 with the following paragraph:

B⁸
At Step **154.40** the Matching Engine **150** constructs bundles of services from the Transaction Database **130** and tests them for pricing in the Vendor Database **120**. The resulting bundles are rated for compliance with the customer's rules and if better than the customer's current periodic product offer, the Matching Engine sends an order to the vendors of the optimal bundle **154.50**. Once confirmed **154.55**, the prior purchasing, if any **154.60**, is cancelled **154.70**. The result should be optimal coverage. Once the rules are defined at Step **154.20**, the purchase take place entirely in the background with reports to the customer only upon request or upon change of vendors. Thus, the customer receives optimal pricing for coverage of periodic needs, without the requirement of price shopping.

On page 39, line 19, please replace paragraph 3 with the following:

B⁹
As this periodic product purchasing occurs, the vendor's own optimizing of offers should result in significant and regular changes in service in order to capture the best prices. Likewise, the sellers gain greater exposure for products without the otherwise required "front-end"

advertising and marketing. Efficiencies realized by means of this invention should be mutually beneficial to vendors and customers.

B⁹
On the vendor's billing cycle, a bill is sent by any of the means set forth above to the DPS. Either the vendor or the DPS will encode the bill, line item by line item into a standardized list of the constituent parts 119.30; standardized, that is, to reflect definitions contained in the Transaction Database 130. Here is an essential step to ensure sufficient granularity of information. It is the object of this standardization to allow the bill to present a good or service in terms of basic units regardless of the identity of the vendor, so that aggregation and/or comparison across vendors is possible. Goods and services are treated as fungible commodities under each definition in the DPS's Transaction Database 119.40. Thus, for example, if a kilowatt hour of electricity at a given time of day in a given season is assigned the definitional designation of 1200 090 111 (much as inventory items in a store receive UPC coding), then, no matter the particular vendor supplying the kilowatt hour, it is encoded on the bill as "n units of 1200 090 111 @ \$2.11 per unit." Precision in pricing, i.e. decimal places describing the price, will extend as far as necessary to accurately rate the good. Similar definitions work for all goods and services. For example, United States to Tokyo telephone services between hours of 09:00 to 11:00 GMT for "m" seconds might bear a code 3600 313 007 @ \$.099876 per unit. Any taxes or other charges are coded similarly as products and referenced with an association in the Vendors Database making them part of a mandatory bundling. Similarly, if there is a dividend or giveaway, that dividend is coded for its product identity and then bundled with the product under the rules in the vendor database.